

NATIONAL REVIEW

Bulletin

U Thant's War

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It is what Marxists like to call "an accident" that the big African trouble has centered in Katanga. Most of Africa south of the Mediterranean littoral is not worth big-time trouble. Desert and rain forest, heat, sterile soil, disease, erosion, lack of minerals offer a wretched if not quite impossible foundation for progressive human development. But Katanga is something else again; its earth bursting with copper, cobalt, uranium, cadmium, columbium, chromium; its climate more suited to vigorous human society; its established socio-economic as well as technical structure carefully designed to exploit its riches. Katanga is a prize worth the close attention of the major contestants.

But Katanga, understood geopolitically, is only the threshold of a wider domain. It caps a great region of sufficiently benign climate and vast resources that includes most of the neighboring Rhodesias and the Republic of South Africa. The whole area is further linked, geographically and economically, with the huge Portuguese colonies of Mozambique and Angola which furnish advantageous outlets to the Indian and Atlantic oceans, therefore to the world.

This region, and this alone, offers the base for a great African power of the possible future. That crucial fact is what the former colonial nations of Europe know; what the Communist enterprise knows; what India, the frenzied captains of the new African nations and the imperial bu-

reaucrats of the United Nations know; what only our poor leaders, brainwashed by the myths of Liberalism, seem unable to comprehend.

The African fanatics, egged on by the Communists, see the UN's Katanga operation as only a prelude to the real struggle: the war for control of the African power base. If the UN "succeeds" in Katanga—that is, if it smashes Katanga's pro-Western, anti-Communist, capitalist-organized autonomy—a functioning UN army will have proved itself, will be "in being." The next battles are plainly indicated: for Angola, the Rhodesias, Mozambique, and on to South Africa. Already the Angolan revolutionary camp is located on Congolese territory, under a benevolent UN wing. Will there not be rioting, murders, renewed civil war calling for the kind of peace, law and order that is brought by the UN army? Nothing could be easier to arrange. The African fanatics, far too weak to carry out the grand design on their own, see the UN as their heaven-sent instrument; to drive the white man, Europe, the West, out of Southern Africa. The Communists in turn, smiling from the wings, see the whole operation, and the reduction of the power base to chaos, as Phase I—the opening of the gates to the revolution.

As the Nazis would have put it: *Today, Katanga! Tomorrow the World!*

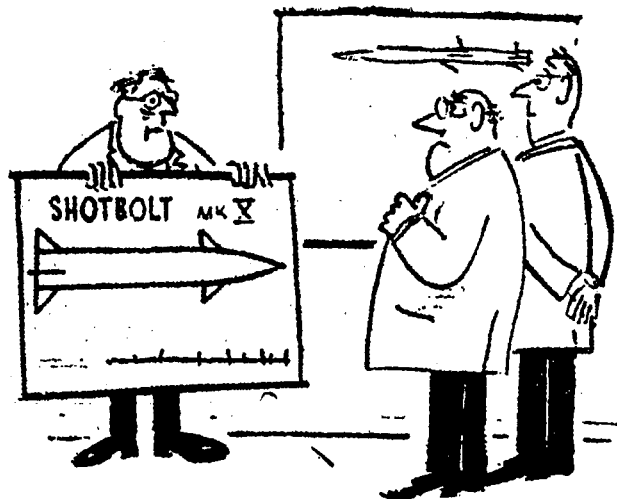
The WEEK

○ To celebrate the increase in first class letter rates, the Post Office has issued two new five-cent stamps: one picturing the White House; the other, George Washington. The old, pre-guarantee-to-Castro five-centers showed a portrait of: President James Monroe.

● On election day New York Republican headquarters, presided over by L. Judson Morhouse as the party's State Chairman, predicted a million-vote landslide for Rockefeller, thus making his 387,000-vote victory look meager. On December 28 Mr. Morhouse suddenly resigned, saying he wanted more time with his family. On January 9 Morhouse appeared before a grand jury investigating large-scale corruption in the State Liquor Authority. He refused to testify in the matter unless granted immunity from subsequent prosecution. New York State Republicans are said to be happy about the local newspaper strike.

● The drug industry did a fine job, contributing pharmaceuticals to Castro for the release of the prisoners. There was no coercion: the idea originated with the Attorney General, who held an informal meeting with industry representatives in the company of some lads from Treasury, leaders of Cuban exile groups, and gentry from other governmental agencies. There were no quotas assigned. The companies individually volunteered their own donations according to their lights, and as if by miracle the sum total equaled precisely what Castro had

demand. There are no tax advantages. The companies will record their contributions at wholesale value, not retail value—for the first time, apparently, in recorded history. The amount is not exorbitant. It is two and a



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**"Crash program—must be ready
for the scrap-heap by 1964."**

half times the normal annual consumption of pharmaceuticals in Cuba, and there are still two or three doctors in Cuba, who haven't fled, who will prescribe and administer the medicines. The medicines will not be transhipped to Moscow, relabeled to say "Made in USSR," and distributed through Africa, or Venezuela, or Laos. That's the news on this matter—exactly as we get it from the News Managers.

- The UN peace army, overrunning unresisting Jadotville, machine-gunned a small civilian auto entering the city. The incident was arrested in a memorable set of newsphotos showing a Belgian, Albert Verbrugghe, stumbling wounded from the riddled auto in which his wife and another Belgian woman were already dead. Verbrugghe's blood-streaked face was a study in anguish. According to the AP caption, his cry as he faced the attackers was "Why, why, why?"

- The American Bill of Rights Day Association recently awarded Dr. John Meng, president of Hunter College, a citation for "Distinguished Service." On the record, Dr. Meng's services to rights have twice been publicly distinguished: for his guaranty of the right of free speech to Communist speakers at Hunter, and for his denial of that same right to Wm. F. Buckley Jr. and the National Review Forum. The court, petitioned by Mr. Buckley, saw fit to reject Dr. Meng's version of the Bill of Rights. Hence the good news advertised elsewhere in these pages.

- Foy Kohler, the U.S. Ambassador in Moscow, met a rude test two weeks ago when 32 Siberian peasants of the Protestant Pentecostal sect, including 14 children,

burst into the Embassy in search of sanctuary and freedom. Ambassador Kohler invoked a long-established rule of our diplomatic service and turned the citizens over to the local authorities—who dragged them, weeping, away. A rude test, and Kohler went by the book; and so flunked. Granted, he had to turn the people back, but why didn't he, why doesn't the Administration, use such episodes for their value in the Cold War? Managed news is the rage these days; News Is A Weapon, they say. Item: It didn't occur to Ambassador Kohler to hold the peasants for a day or two, stir up a *cause célèbre* in the press and parliaments of the world. Item: Kohler didn't try to hold at least the group's leaders for a day or two of interviews and whatever else might work to the U.S. advantage. Item: Kohler even *prevented* newsmen from interviewing or photographing the group. News is indeed a weapon: the Administration should learn what kind of ammunition it uses, and what direction to point it in.

- The Soviet Union has withdrawn from its commitment to build a \$20 million pavilion for the 1964 World's Fair. Some say weak foreign exchange reserves forced the action. But it is interesting that Russia pulled out just when the boycott of Communist goods started to gain nationwide publicity. Maybe the Kremlin didn't look forward to six months of picketing.

- During the past four years, Norvin R. Greene, partner of Lancaster & Norvin Greene, (30 Broad Street, New York) has provided readers of the BULLETIN with an

Don't miss the first NATIONAL REVIEW FORUM

—since the N. Y. Supreme Court ordered
Hunter College to lift its ban! Hear

Wm. F. Buckley Jr.
followed by

a Mock Supreme Court Argument of the
SCHOOL PRAYER CASE

On the Bench: Roger Baldwin,
C. Dickerman Williams, William A. Rusher

For Petitioner: Irving Ferman
For Respondent: Godfrey P. Schmidt

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entire philosophy of investment, and no doubt those who have followed his advice have especial reasons to be grateful to him. Mr. Greene is terminating his column but will continue active as an investment counsel. The BULLETIN is proud to announce that we have secured the services of Mr. Donald I. Rogers as successor. Mr. Rogers is a well-known economist and stockmarket analyst.—Ed.

Erratum: The last issue of NATIONAL REVIEW *Bulletin* referred to David Greenglass as still in jail despite cooperation with the government. The reference should have been to Harry Gold. David Greenglass has been free for several years.

Of Weapons

The new Congress won't let too many days go by before it looks into the President's decision to scuttle the Skybolt missile. The debate may get badly snarled, because all the major strands of influence that bear on military weapon decisions entangle the Skybolt problem.

Politics, for one thing. Military procurement contracts can be assigned just as judges can be appointed, and contracts canceled just as cabinet officers are cashiered. In this instance the British reliance on Skybolt gave the President a powerful hand in affecting, adversely, the domestic career of the Conservative Party in Britain.

Or interservice rivalry, the old story. If the Navy thinks it can take over the retaliatory function with a global network of Polaris-laden nuclear submarines, won't it argue that long-range aircraft are obsolete? And their payload too, such as Skybolt?

Ideology. The notion of pushbutton warfare has gripped too many minds in high councils. Although the major conquests of the last decade came out of campaigns by land armies or irregular troops tossing sticks and stones, or plainclothes troops stealing secrets and subverting nations; although even this week it is claimed that a fleet of manned bombers penetrated the U.S. aerial defenses in a friendly exercise—nevertheless the idea of pushbutton warfare persists. Skybolt would have been taken toward its goal in aircraft hand-held by human pilots. Pilots must go. And with them, Skybolts.

Economics, too. There are billions of dollars in them there contracts, and very eager prospectors.

Technical indeterminacy. The inescapable problem of all armament programs: variously described as 1) there is no ultimate weapon; 2) for every offensive weapon there can be a defensive one; 3) every weapon is obsolete by the time it's in production; 4) there's no common scale of measurement between disparates, e.g., a Skybolt hand-flown toward target, and an ICBM flicked upward irrevocably. Here only the expert can, perhaps, judge, on knowledge withheld from the public forum.

Politicians will now take up the question of weapons in a representative republic that needs both weapons and

PEOPLE: Sen. **Gruening** (D., Alaska) demands destroyers guard Alaskan fishermen harrassed by Soviet trawlers. . . . Liberal apologists for **Hewlett Johnson**, "Red Dean" of Canterbury, embarrassed no end when he resigned church post and announced he is Communist. . . . **Eichmann** collaborator nabbed in Chile; local police in quandary: no extradition agreement with West Germany. . . . Film on convicted atom spy **Morton Sobell** contends men of "all shades of opinion" have come out against severity of sentence, lists a few: **Jean-Paul Sartre**, **Pablo Casals**, **Martin Luther King**, **Bertrand Russell**. . . . Communists will grab 100 seats if France tries proportional representation, predicts socialist leader **Guy Mollet**. . . . Hong Kong rumors say **Mao Tse-tung** very ill; **Liu Shao-chi** may succeed.

Trial of anti-Communist boycott pickets adjourned, says **E. J. Canavan** of Yonkers Committee to Warn of Arrival of Communist Imports. . . . Congressional testimony by **Soapy Williams** shows 900 tons of Communist-made weapons reached Ghana, plus technicians to build local arsenals for terrorist operations in Angola. . . . Philately as Weaponry: latest coexistence move puts **John Glenn** and **Scott Carpenter** on Hungarian stamps. . . . At close of visit of Hungarian mission to Algeria, **Ben Bella** and guests released communiqué pledging help to "those people still under foreign yokes." . . . Conscience of World: "Profanation, sacrilege and acts of vandalism committed by Blue Helmets in the House of God": UN warfare described by Roman Catholic Bishop of Elisabethville.

A Liberal never forgets: Washington gossip says ADA crowd forced **Arthur Dean** out as disarmament chief because Dean a partner in **John Foster Dulles'** old law firm, Sullivan and Cromwell. . . . Canadian leftists frantic: in Ottawa Gen. **Lauris Norstad** says Canadian troops will get nuclear arms.

"Dominican equivalent of New Frontier," says Pres. **Juan Bosch** of his program . . . Senate Armed Services Committee to be battleground of Administration efforts to send more military aid to India: Chairman **Richard Russell** (D., Ga.) strongly opposes. . . . Trouble also shaping up for moon program: Rep. **Chet Holifield** (D., Calif.) attacks commitment to old-style rockets rather than nuclear-powered systems. . . . Old-timers mourn **Rogers Hornsby**, recall he was only outfielder to throw man out at first on clean hit; he played Right field, of course.

Greer Greijn, founder and president of World Congress of Bachelors, admits always attending annual convention in company of wife.

—politicians. We may as well close our ears to the public debate, hoping the debaters have better information in their notebooks than they promise to declaim from the soapbox.

Is There a Legislature?

The 88th Congress will face many problems, but most of them relate to a more general and lasting problem: will Congress act as a wing of the Executive, or strive to regain its proper place as a coordinate branch of the Federal Government?

The initial organizational fight bears directly on this basic issue. It does not matter much, for instance, whether six men or sixteen sit on the Rules Committee. What does matter is that Congress preserve the Rules Committee as its own internal check (and scapegoat, yes) in handling awkward proposals. The independence of the Rules Committee will be destroyed if every new Congress is bludgeoned into rigging that Committee with Administration stooges.

If the 88th Congress will set itself the master task of refreshing its strength at the wellhead of constitutional practice, it will have less difficulty performing certain necessary chores.

Foreign aid, as everyone knows throughout the world, is a mess throughout the world. Congress knows it's a mess. A Congress that proclaims its constitutional independence could unsnarl and reduce that mess.

Does any reasonable man maintain that the federal budget is set at the absolute minimum? On the contrary, expert students assert that the budget could shed enormous chunks of fat. Congress, after all, appropriated the funds. Congress can throttle the cash flow, too—if there is a Congress.

In some parts of the country, and in some industries, labor unions enjoy a degree of power unknown to the most absolute despots of history and legend. The anti-trust laws were designed to keep consumers from being at the mercy of huge concentrations of power. Any Congress that considers itself the pride and dignity of the commonwealth will have the energy to act toward labor monopolies as it knows it should and, indeed, must.

Gentlemen, remember you are the sovereign legislature, not the secretariat of the White House.

How the UN Makes War

From an eyewitness account of the first week of the third round of the UN's war in Katanga, published January 7 by the prominent Brussels newspaper, *Le Soir*:

"On December 28 the Ethiopians who had assembled on the Avenue des Usines attacked the African suburbs of Albert—against which they fired 5,000 rounds from 120-caliber mortars—and Kenya. They then proceeded to a cleanup, house by house. Looting of radio sets, watches

° At Home °

Washington

The dock and newspaper strikes continue to bring with them serious economic dislocation. But White House ideologues believe that the gravity of the situation will give them just the lever they need to clamp new handcuffs on labor and management. Increasingly, Administration spokesmen have been hinting at legislation which will impose compulsory arbitration in labor-management disputes. This would be the biggest advance toward the Coercive State in several decades, but it is believed that it can be so gift-wrapped in concern for the public weal that it will win widespread support.

Compulsory arbitration would put the Federal Government in a position to dictate wage levels and therefore prices. It would make the Labor Department the most powerful agency of the Executive branch. Neither labor nor management wants it—but both are bracing for a Kennedy blitz.

The best solution for the collective bargaining problem, however, has been suggested by men as variously motivated as Henry Hazlitt and John L. Lewis. Experts not blinded by a faith in the virtues of government controls point out that labor has come of age, that under the present statutes management is prevented from bargaining freely, and that the time has come to dismiss the autocrats of the National Labor Relations Board.

They propose the repeal of the Norris-LaGuardia, the Wagner, and the Taft-Hartley Acts. This would remove the government from the bargaining table and allow negotiation to operate unhampered by outmoded and unfair regulations. It would also release economic forces which would make collective bargaining viable. But it would reduce the power of the Federal establishment—and this, to the eyes of Mr. Kennedy & Co., would be a fate far worse than death.

The Attorney General is exceedingly touchy on the subject of Mr. Hoffa who just got off again. At the time the Teamster president was first hauled before a Federal tribunal, Bobby vowed to "jump off the Washington Monument" if there were no conviction. Since then, the Justice Department has been wasting the taxpayer's substance in repeated court cases, hot in pursuit of Mr. Hoffa. At this point, therefore, the Teamster boss can legitimately claim harassment. And the suspicion grows that either Mr. Kennedy has no case or that he is too inept to prove it in court.

The late Senator Robert Kerr, whose "conservatism" began and ended with opposition to Medicare and support of the oil depletion allowance, had been selected as the

Administration's ball-carrier for a tax reduction bill and other measures on the President's must list. His passing forces the Administration to prepare its alibis for future legislative defeats. White House aides, therefore, have begun to whisper that the New Frontier's difficulties on the Hill are caused by pernicious lobbyists. In the new lexicon, "lobbying" is any concerted opposition to any Coercive State scheme.

But while the Administration mutters of the "interests" and feeds stories to its pet reporters, the ADA and the AFL-CIO have demonstrated their "responsible citizenship" for weeks by twisting arms and whispering threats to early arrivers on the Hill.

Paid functionaries of these two organizations are pressing hard to destroy the seniority system in Congress, if only because it remains the last bastion of conservatives against the rampaging Jacobinism of the Administration. Also marked for elimination is the Senate prerogative of unlimited debate—subject, of course, to cloture by a two-thirds vote. Both organizations, moreover, are seeking to add luster to the democratic process by the extension of the voting franchise, especially to people who can neither read nor write.

Representative Craig Hosmer of California has taken the time and trouble to prepare a balance sheet on the financial consequences of President Kennedy's Bay of Pigs fiasco. By Mr. Hosmer's account, the taxpayer has been hit for \$350 million in direct costs. This includes \$53 million for the ransom of Cuban freedom fighters abandoned to their fate by the White House, \$85 million for the military mobilization which followed Comrade Khrushchev's bid for a military base in the Antilles, and a loss of \$35 million in Federal and state taxes on the ransom "gifts" of pharmaceutical companies. Meanwhile, the President has conveniently forgotten his demand for a search of Cuban caves which may now hide IRBMs and MRBMs—as well as other offensive weapons which can as easily be turned on Guantanamo naval base as on invading liberation forces.

It is a safe bet that Mr. Kennedy will not be reminded of his oversight by the fearless corps of White House correspondents. No ad-libbing is permitted at the President's press conferences, and the penalties for departing from the script are serious. As a well-known correspondent said, "If I ask an embarrassing one, I'll lose my turn to ask a question for weeks."

Making the rounds: Khrushchev is walking down the street leading a goat. He meets Mao Tse-tung. "What are you doing with that pig?" Mao asks. "You stupid Chinese fool," Khrushchev shouts. "Can't you see that's a goat?" "Who was talking to you?" Mao answers.

QUINCY

and clothes. Every African who got in their way was knocked down. The wounded were finished off—disemboweled with a knife or shot through the head. The women were raped. Those who fled served as living targets for the Blue Helmets. Children were killed by kicking their heads in, and entire families were wiped out.

"At the Inecat farm, near Kerberg, the Ethiopians made the Europeans get outside the houses and kneel while they looted the buildings. Thirty-five women and children were later brought out in ambulances. The Blue Helmets pillaged the cottages of the African workers.

"Then there was the murder of Mme. Dister, a French woman beaten to death by the Ethiopian soldiers . . ."

BRIEFS: Army dislikes White House orders to have psychiatrists pass on all personnel given access to nuclear weapons; feels officers can judge fitness better than head-shrinkers. . . . Finnish mark getting French franc treatment: elevated from 322-to-\$ to 3.22-to-\$. . . . **Moscow and Peiping broadcasts to Latin America up 60% in two years.** . . . Secret OAS meeting heard U.S. admit at least 15,000 Russian combat troops still in Cuba.

Many Latin delegates wanted OAS ultimatum to Moscow, but U.S. stalled, asked trust in U Thant. . . . Canadian Royal Commission Report blasting bureaucratic inefficiency annoys collectivists; one department found to pay \$11 in salaries to purchasing officers for every \$100 of purchases.

Russian oil output up 11% last year: now second only to U.S. . . . Iraqi Communists calling for cession of large part of Iraq to Kurdish rebels after *Pravda* story lauded Kurds' "struggle against imperialism." But Kurdish leader Mustafa al Barzani, trained in Moscow, reported killed in recent skirmish. . . . **We will bury you: Viet Cong burying anti-Communist mountain tribesmen alive in remote Darlac plateau of South Vietnam.**

Liberty Amendment, already approved by six legislatures, to come before 34 others this year; would bar Federal Government from competing with private enterprise or levying income tax. . . . Authoritative poll in Europe proves popular triumph of Common Market. Only 8% opposed in France, 5% in Belgium, 4% in Germany and Italy.

Vatican Council fallout: Church of England to present changes in canon law and liturgy for Parliamentary approval.

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• Trends •

Some weeks ago [Sept. 18] this column noted the rehabilitation program lately undertaken in behalf of Owen Lattimore.

Lattimore, it will be recalled, was the Far Eastern "expert" who advised anyone who would listen that the Chinese Communists were not really Communists but "agrarian reformers." The Senate Internal Security Subcommittee, after much painstaking investigation, declared he had espoused this line, contributing mightily to the fall of China to Communism, as a "conscious, articulate instrument of the Soviet conspiracy."

Subsequent to this finding, Lattimore receded somewhat from public view—only to reappear in 1961 on a mystery-clouded mission to Communist Outer Mongolia. Thereafter, he dashed off an article for the *Atlantic* concerning his researches among the yaks and commissars; and *Newsweek* published a squib offhandedly asserting that he had been "completely cleared" of "pro-Red" inclinations—no mention being made of the Subcommittee's investigation.

Having chipped in on the effort to fumigate Lattimore, *Newsweek* now tenders a similar service to one of Lattimore's colleagues from the halcyon days of "agrarian reformers." In its issue of December 12, 1962, the weekly published a full-page review of a new book by Edgar Snow, praising the record of the Communist Chinese and blackguarding anti-Communist Chinese leader Chiang Kai-shek.

The Other Side of the River, comments *Newsweek*, "is a massive, thickly documented assault on the whole arsenal of U.S. illusions, attitudes and misconceptions about Red China . . . written with open admiration for the Chinese people and a barely controlled fury at American folly. . . . The Chinese revolution, Snow maintains, is a success in nearly every way, it has made enormous economic progress over anything that China has ever known, and it enjoys the support of China's 650-700 million people."

Just about the only thing wrong with this homage to Peiping, the magazine concludes, is that it had "the extraordinary bad luck" to be released just as Red China was committing aggression against India, and so "stands to get buried in a new barrage of irrelevant slogans."

Not content with lauding Snow's propaganda, *Newsweek* also sets about to rewrite his previous record. It describes his earlier work, *Red Star Over China*, as "the first extensive information about the leaders of the Red revolution and the details of their struggle against Chiang Kai-shek's corrupt and plutocratic Kuomintang. Later, when parlor Liberals took over the Chinese cause, Snow tried in vain to demolish the notion that the Reds were 'agrarian reformers' or anything else but doctrinaire Communists."

The net impact of all this is to portray Snow as a hard-headed student of China who was right about Communism in the forties and is probably right again. The review

manages to picture him both as a seasoned critic of Bolshevism and as a shrewd reporter willing to make his peace with "the facts."

The Senate Internal Security Subcommittee came to some different conclusions about Snow's reliability. The Subcommittee found Snow to be a member of the "active inner core" of the Institute of Pacific Relations—the group which provided Lattimore with his base of operations and which played a crucial role in engineering a favorable American image for Mao Tse-tung. Although not an IPR official, Snow was described by the Subcommittee as one of those who "were frequent contributors to IPR publications, in close touch with IPR staff members, or active on the executive, nominating or other committees . . ."

The IPR, which the Subcommittee declared a "vehicle" for Communist strategems, lavishly praised Snow's previous opus, *Red Star Over China*. Whereas *Newsweek* conjures up a hard-working reporter warning America against the Red Chinese, the IPR thought otherwise. Its official publication, *Pacific Affairs*, observed that "it is curious how much of their good reputation abroad the Chinese Communists owe to one man—Edgar Snow." And IPR executive secretary Edward Carter, reviewing *Red Star* for the same publication, oozed the intelligence that "the leaders of Red China represent to the peasants Franciscan simplicity, personal bravery, and abounding humor, and a strategic ingenuity of magical dimensions . . . they represent, as well, a way of life that has convinced the peasants that there at last are political leaders who will not betray them into the hands of the landlords and money lenders."

Snow's wife, Nym Wales, also was a fan of the Red Chinese. A *Pacific Affairs* review of her tract, *Inside Red China*, noted that "she is not impartial. She thoroughly approves of the Chinese Communists."

Former Communist official Louis Budenz, called to testify before the Subcommittee, engaged in an interesting colloquy concerning the Snows, as follows:

"MR. MORRIS: Did you know Nym Wales, who was the wife of Edgar Snow? . . . Did you know that she was a Communist?"

"BUDENZ: Most decidedly. She was, so far as official reports went, a Communist before Snow was."

"MORRIS: Before Edgar Snow was?"

"BUDENZ: That is right. . . ."

"SENATOR SMITH: He . . . wrote *Red Star Over China*."

"BUDENZ: Yes, sir."

"SENATOR SMITH: Can you recall anything about that book that would be of interest to this Committee, Mr. Budenz?"

"BUDENZ: Yes, sir, he amended one edition of the book, as I recall, at the request of the Communist Party."

None of this found its way into *Newsweek*. The observation that Snow has "outstanding credentials" as an "old China hand" was made to do instead.

M. STANTON EVANS

• Abroad •

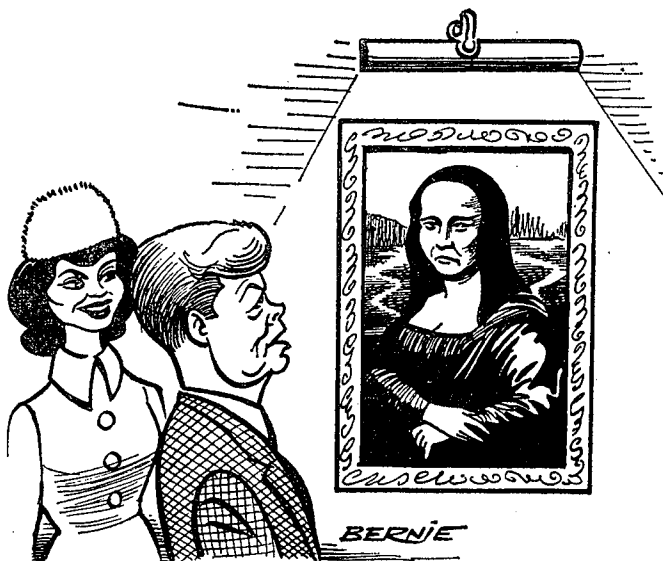
Najran, Yemen. Although Washington, following its fixed rule, has recognized the left-wing revolutionary republic, the civil war is by no means over. The leftists—or rather, the Egyptians—hold the towns, but the tribes of the countryside and mountains have rallied to the young Princes, who have shown ability as well as courage. The Egyptian force is said to number 13,000 equipped with Russian armored vehicles and heavy arms, and an air force made up of Russian jets (Badgers), converted Ilyushins and Russian helicopters. A large Soviet group functions with the Egyptians. The bombing of the villages has been ruthless and indiscriminate, but has rallied normally feuding tribes against the republic. Though having only rifles and daggers, the tribesmen are said to have killed more than a thousand Egyptians and to have destroyed or captured large quantities of equipment. Prince Abdullah bin Hassan defeated a large Egyptian force in mid-December, and has maneuvered within 25 miles of Sana'a, the capital. Lacking heavy weapons or a tradition of coordinated strategy, the conquest of the towns is an imposing task for the tribes; but for the Egyptians the war is proving deadly and expensive, and has already brought bitter criticism at home. If it had not been for Washington's recognition, the outlook for the republic would be far from bright.

London. At Question Time, in the House of Lords, one recent winter's day: "LORD CONESFORD asked the Government whether UNESCO had recently published a booklet called *Equality of Rights between Races and Nationalities in the U.S.S.R.* and whether the authors *inter alia* thus describe the annexation of the Baltic States: 'In 1940 the Soviet regime was restored in the Baltic republics which voluntarily joined the Union.' . . . The EARL of DUNDEE—The booklet referred to was published by UNESCO earlier this year and it contains the reference to the Baltic States as quoted. Responsibility for publication lies with UNESCO. . . . LORD CONESFORD—Are not the statements in this book the direct opposite of the truth? Is it not outrageous that the funds of UNESCO, to which we contribute, should be devoted to the dissemination of falsehoods? The EARL of DUNDEE—I sympathize with those feelings."

Moscow. As a result of a study by a committee of the Soviet Academy of Sciences, construction of dirigibles will probably be resumed, after a lapse of 25 years. The Soviet chemical industry can now supply sufficient helium, lacking in 1938. With the danger of hydrogen eliminated, dirigibles are an admirably suited vehicle for many Soviet purposes. Even 30 years ago they could carry loads of 60 tons; today they could be used to transport heavy turbines, big machines or complete cement kilns to remote Siberian areas difficult of access by other means. Dirigibles can have extremely long range, vary speed from zero up to more than 100 mph, and take off vertically with mini-

mum ground installation. Since engines are needed only for propulsion, not for lift, the operating cost per ton mile is low—about 6% of the helicopter cost.

Milan. The right-wing weekly, *Il Borghese*, declares that the first session of the Vatican Council represents a victory for Polish Cardinal Wyszynski, Cardinal Montini of Milan and the young Monsignor Loris Capovilla, private secretary to Pope John. *Il Borghese* believes this to mean a triumph of the tendency within the Church that supports the "opening to the Left" within Italy and leans toward "a concordat with the governments of the Communist countries." Cardinal Montini, long known as leftward inclined, was singled out for such special attention that rumor makes him Pope John's nominee as successor. He was assigned an apartment in the Vatican, recently done over for the Pope's personal use, and conducted his diplomatic operations from that base. Reacting against the prevailing atmosphere of the Council, Father Chianella, a Jesuit, arranged an exhibit of "the Church of Silence"—that is, the persecuted Church within the Communist empire—and 15 Ukrainian bishops in exile published a declaration calling for the liberation of priests behind the Iron Curtain. Both of these manifestations were virtually ignored by the Catholic press in Rome.



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"She looks like De Gaulle to me!"

Katmandu. The Nepalese government has issued a semi-official warning that Nepalese-American relations will soon be in bad shape unless Washington withdraws an outrageous request that affronts Nepalese sovereignty—threatening Nepal, according to the local press, with "financial subjugation." What the Americans have done is to ask the government for some sort of rough accounting of what American aid money has been spent for.

• The Investor •

Any stock market analyst who had predicted, on January 1, 1962, that the Dow Jones industrial average would end the year 80 points below the high, would probably have been gored by the bull that was then rampant in the financial canyons of Wall Street. But then, no analyst could have predicted the extent of the President's vindictiveness toward business or his uncontrolled tantrum over the abortive steel price rise.

Wall Street functions more on predictions than on records, and because the forecasts went so far awry last year, the market has been constrained to stagger under the severe handicap of aimlessness. It has had no direction, no destination, because the forecasters have been driven underground.

What appears to be a rally may be underway. It has the look of strength about it, a rally with a good, professional foundation. That's not surprising, for it was generated almost exclusively by professionals.

Small investors, the non-professionals, have remained away from the market since so many suffered heavy losses in the big selloff of May 28 and 29. They were expected to re-enter the trading fray in December, but failed to do so, partly because the newspaper strike deprived them of their daily quotations and significant business-financial news.

There were tempting morsels of news during the final days of December, of the kind that generally inspires the small investors to shake their piggy banks and call their brokers:

—Commerce Secretary Luther Hodges bluntly forecast a better economy for 1963 than had been experienced in 1962.

—General Motors Chairman Frederic Donner, who has a record for uncanny accuracy, predicted sales of seven million passenger cars in 1963, a near record.

—The authoritative magazine *Steel* heralded an increase in orders in the industry for which it is spokesman.

—Industrial leaders across the spectrum—appliances, rubber, credit, aircraft, mercantiles—all forecast improvements in sales, profits, earnings and employment for 1963.

It had no effect. Either the public wasn't getting the news because of the struck newspapers, or it wasn't ready.

Not until President Kennedy, in a New Year's message in Palm Beach, reiterated that he will press for tax reform for everyone, including all income brackets and for corporations, too, did the market perk up. And then it waited a full trading day.

The President's now-famous speech at the Economic Club of New York had left many doubts, it developed, in the minds of investors. It was believed that in that speech the chief executive was making it known that he would seek the greatest tax relief for those in the lowest income brackets, perhaps at the expense of relief for those in the

higher ones. Moreover, his reference to the two benefits that have already been accorded corporations—the 7% tax incentive for building new plants or installing new equipment, and the accelerated depreciation allowance—led many to believe that there would be nothing new in tax relief for the corporations.

Thus it is possible to trace the market's behavior to the President. It was his pique at the steel companies in April which touched off the nosedive of prices in May. It was his assurance of tax relief that inspired the petite rallylet in the autumn. It was his implication that corporations and the more financially fortunate investors had received sufficient tax relief that forestalled the year-end rally. It was his reassurance at New Year's that there would be a tax boom for all that finally sparked the delayed rally on January 3 and 4.

Not since President Eisenhower's heart attack has the stock market responded so sensitively to the smiles and frowns in the White House.

Each year at this time for fifteen years I have made specific predictions about the economy for the upcoming year. I'll make them again, even though my home paper, the *New York Herald Tribune*, won't be printing them.

I'll make them for the record:

—The gross national product will reach \$598.5 billion.

—Automobile sales will reach 6.82 million, a bit better than 1962.

—The Federal budget deficit will reach \$8.1 billion.

—Housing starts will drop from 1.4 million to 1 million.

—Public Works expenditures will reach a new high of \$8 billion.

—Employment will increase to 68 million.

—Unemployment will increase from 3.5 million to 4.3 million.

—Consumer spending will increase from \$363 billion to \$371 billion.

—Prices will increase, generally, about 2½%.

—Wages will increase about 4.6%, if you include benefits.

—Taxes will decrease by 6% at the Federal level, but will increase by 3% at the state and local levels.

—Corporate profits will be about \$23 billion after taxes, up by \$1 billion because of an expected tax advantage late in the fiscal year.

One doesn't guess, exactly, in making such forecasts, but it's safe to close with the reminder that many things occur to change the direction of the economy over 12 long months.

Investors calculate something like the foregoing, apparently, else they wouldn't be hastening back into the market so readily. Even so, most of them realize that America's economy will still be growing at the rate of about 2%, while the economies of most of the Western nations in which we do business, will be growing about 5 to 6%.

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